

THE HONORABLE RONALD B. LEIGHTON

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT TACOMA

DAIMLER TRUCK NORTH AMERICA
LLC, f/k/a FREIGHTLINER LLC, a Delaware
limited liability company,

Plaintiff,

vs.

RAMIN YOUNESSI, an Illinois resident,

Defendant,

vs.

Case No.: 08-MC-5011RBL

ORDER

CASCADIA INTERNATIONAL LLC,

Interested Party.

This matter comes before the Court upon Responding Party Cascadia International LLC's Motion to Quash Subpoena (Duces Tecum) and for a Protective Order. [Dkt # 2] Having considered the written briefs of the parties, the Court FINDS and ORDERS as follows:

I. Background

A. Interested Parties

Daimler Truck North America LLC (Daimler) is a foreign limited liability corporation. Daimler is the former employer of both Jim Hebe and Ramin Younessi. Daimler filed suit against Younessi in the Oregon district court, CV-08-0031-HA, on January 7, 2008, (the underlying case) claiming various tort

1 damages arising out of Younessi's departure from employment with Daimler. It is the third suit filed
2 against Younessi by Daimler. [Dkt # 2, 5]

3 Ramin Younessi is an employee of International Truck and Engine Corp. (International) and
4 defendant in the underlying case. Until March 12, 2007, Younessi was a "high level executive of Daimler."
5 [Dkt # 7] He was hired by International after discussions with Jim Hebe and David Johanneson, Vice
6 President of Sales & Distribution for International. Younessi is not a party to the motion before this Court.

7 Cascadia International LLC (Cascadia) is a limited liability corporation doing business operating
8 truck dealerships for both International and Isuzu Trucks, two of Daimler's competitors. Daimler served
9 Cascadia in Washington with discovery requests arising out of the underlying case against Younessi.
10 Cascadia is challenging the validity of those subpoenas here, but Cascadia is not a party to the underlying
11 case. [Dkt # 2]

12 Jim Hebe is Senior Vice President of North American Sales Operations for International. He is the
13 former CEO of both Daimler and Cascadia. Hebe was forced to resign as CEO at Daimler in 2001. After a
14 failed attempt to purchase a Daimler dealership, Hebe eventually purchased Cascadia. Hebe was Cascadia's
15 CEO during the time relevant to this dispute. He allegedly negotiated the deal that brought Younessi to
16 International from Daimler. [Dkt # 7] Hebe was previously served a subpoena similar to the one in dispute
17 before this Court. That subpoena was quashed in part by the Oregon district court. [Dkt # 10, exhibits B &
18 D]

19 **B. Procedure**

20 Daimler sued Younessi on January 7, 2008, in Oregon district court for breach of his duty of
21 loyalty, his confidentiality contract, and his common law duty not to convert confidential and proprietary
22 information. [Dkt # 7] As part of that suit, Daimler served Cascadia with the third-party discovery requests
23 at issue before this Court. [Dkt # 2, exhibits B & C]; *see* Fed. R. Civ. P. 45(a)(2)(C). The parties have
24 resolved most of their disagreements, but have been unable to resolve Daimler's request to search
25 Cascadia's computers for communications between Hebe and Younessi and between Hebe and other
26 Daimler employees. Cascadia moved in this court to quash the subpoena and for a protective order because
27 Daimler's subpoena is both unduly burdensome and would require disclosing confidential trade secrets to a
28 competitor. [Dkt # 2]; *see* Fed. R. Civ. P. 45(c)(2)(B) (subpoenas are challenged in the court of the district
in which production is ordered).

II. Discussion

Discovery is generally available regarding any nonprivileged information relevant to any party's claims or defenses. Fed. R. Civ. P. 26(b)(1). Discovery being broad in scope and biased toward disclosure, requests need only be "reasonably calculated to lead to the discovery of admissible evidence." *Id.*

A. Trade Secrets

If the parties have already conferred unsuccessfully in an attempt to resolve a dispute, the Court may grant a protective order on the responding party's showing of good cause by "requiring that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specific way." Fed. R. Civ. Pro. 26(c)(1)(G). The Court must balance Cascadia's interest in maintaining its trade secrets against Daimler's interest in prosecuting its claims against Younessi and defending itself against Younessi's claims. *See Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465, 1470 (9th Cir. 1992).

Cascadia claims that production of its hard drives would necessarily reveal its trade secrets. Trade secrets have long been recognized as property. *Carpenter v. United States*, 484 U.S. 19, 26 (1987). Because of their fleeting nature, once trade secrets are disclosed to outside parties they lose their value and the property right is extinguished. *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984). The Court recognizes Cascadia's interest in keeping its trade secrets out of the public eye, and particularly away from its competitors.¹

Daimler asserts that its need for these documents arises directly out of Younessi's departure from Daimler's employment to International, a transition facilitated by communications with Hebe. [Dkt # 7] In an email already produced, two International employees discuss Younessi's pending employment and indicates that Hebe was involved in the company's communications with Younessi. [Dkt # 7, exhibit B] This communication, as well as the ongoing communication between Hebe and Younessi, occurred while Younessi was still an employee of Daimler. Given that Daimler's allegations arise directly out of behaviors of Younessi toward International in his negotiations and later employment with International, Daimler's request for any records of such communications are highly relevant. Even if International cannot reasonably produce the actual content of communications, Daimler could use records produced which

¹ In Oregon, discovery is being conducted under a Stipulated Protective Order. [Dkt # 6, exhibit A]

1 indicate dates and times of communications for purposes of deposition and cross examination. Given the
2 nature of Daimler's allegations, it is reasonable to assume that none of the witnesses to such
3 communications will be forthcoming in testifying without some of the information sought through
4 discovery to direct their questioning. This meets the "good cause" standard. Fed. R. Civ. P. 26(b)(1).

5 The Court is convinced that this need is strong enough to warrant discovery from Cascadia and the
6 Motion to Quash is DENIED. However, some form of protective order is appropriate and the Court now
7 turns to what form that production should take.

8 The Federal Rules provide for discovery of electronically stored information either in its original
9 state, i.e. actual production and copying of hard drives, or in a reasonably usable form, i.e. print outs. Fed.
10 R. Civ. P. 34(a)(1)(A). While this is consistent with the general scope of the Rules allowing broad
11 discovery, it is inconsistent with the adversarial aspect of trial practice and discovery because it
12 contemplates granting opposing counsel, and opposing parties, direct access to information beyond the
13 scope of discovery. That is, the Rule allows for a subpoena of an entire hard drive for the limited purpose
14 of finding a few documents which may be stored therein. *See* Fed. R. Civ. P. 34(a)(1)(A) (requesting party
15 may obtain information stored in any medium); Fed. R. Civ. P. 34(b)(1)(C) (requesting party "may specify
16 the form or forms in which electronically stored information is to be produced"). This would be analogous
17 to allowing the search of a party's entire collection of file drawers for the purpose of finding a single class
18 of documents.

19 In situations involving information which is appropriately kept private, the Court may fashion
20 restrictions on the form and method of disclosure. *See Playboy Enterprises, Inc. v. Welles*, 60 F.Supp.2d
21 1050 (S.D. Cal. 1999). In the interest of protecting private information such as trade secrets or privileged
22 documents, the Court can order the responding party's attorneys to search for all documents consistent
23 with the subpoena and to produce only those which are relevant, responsive, and do not disclose trade
24 secrets. *See, e.g., id.* The Court finds in *Playboy* an appropriate model for this case. There, the plaintiff
25 sought to copy the defendant's hard drives after it learned she may have deleted emails which could
26 potentially prove the knowledge element of plaintiff's infringement claims. *Id.* at 1051. Defendant
27 responded with concerns that privileged communications would also be recoverable under such a
28 procedure. *Id.* at 1054. The court ordered the copying, but directed defense counsel to search the copy for
responsive materials instead of turning over the copied drives themselves. *Id.* at 1055.

1 Here, Daimler also requests to copy Cascadia's hard drives, a process which might reveal not just
2 privileged, but also trade secret information. Having Cascadia search its own computers is an appropriate
3 compromise here because of the unique status of Daimler as a direct competitor and of Cascadia as a non-
4 party to the underlying suit. The elaborate copying which took place in *Playboy* is not necessary because
5 there are no allegations of documents being destroyed and Cascadia has shown that it is responsive and
6 willing to cooperate with Daimler's reasonable requests.

7 The Rules and case law support this solution. *See In re Ford Motor Co.*, 345 F.3d 1315 (11th Cir.
8 2003); Comment to 1970 Amendment of Fed R. Civ. P. 34(a) ("[W]hen the data can as a practical matter
9 be made usable by the discovering party only through respondent's devices, respondent may be required to
10 use his devices to translate the data into usable form. In many instances, this means that respondent will
11 have to supply a print-out of computer data."); Comment to 1993 Amendment to Fed. R. Civ. P. 34(a) (the
12 rule "is not meant to create a routine right of direct access to a party's electronic information system").
13 Fortunately, Cascadia has demonstrated it is willing to cooperate with Daimler in seeking discovery and the
14 Court has confidence that Cascadia's counsel will adequately and appropriately screen all discovered
15 materials and remove only those documents which are beyond the scope of this order.

16 **B. Undue Burden**

17 Discovery of electronically stored information can be limited if production is unreasonable due to
18 its burden or cost. Fed. R. Civ. P. 26(b)(2)(B). The Court considers various factors when deciding if and
19 how to limit discovery, including a less burdensome alternative source. *Id.*

20 Cascadia argues that Daimler's requests are overly broad because of Cascadia's wide-ranging
21 collection of locations and computers.¹ Hebe was involved in a wide range of activities while heading
22 Cascadia and had access to a variety of computers. Cascadia goes on to argue that the broad scope of
23 Daimler's request further complicates production. *Id.*

24 In response, Daimler alleges acts, unclaimed in their Complaint, that Younessi may have undertaken
25 with Hebe to "obtain confidential information" about Daimler. [Dkt # 7, at 7] Daimler alleges that it seeks

26 ¹ According to Cascadia, its disparate locations in Tacoma and Yakima, Washington; Anchorage and Fairbanks, Alaska; and
27 Nanaimo, British Columbia, Canada would complicate physical production of the hard drives themselves. Additionally, Cascadia
28 currently owns approximately 89 computers spread between those five locations. As CEO, Hebe would have had access to many
of these computers, and used a variety of computers during his employment. Since he has left Cascadia, During his employment
at Cascadia, Hebe used any number of Cascadia's computers and have used them for confidential communications. Cascadia's
Motion to Quash, at 5-6. [Dkt # 2]

1 the information both to prosecute its tort claims against Younessi and to defend against his counter-claims.
2 [Dkt # 7] Daimler offered to compromise by allowing Cascadia itself to “search and produce evidence of
3 such contacts, if any, on Cascadia’s hard drives, [B]lackberries, lap tops and calendars that Hebe used.”

4 [Dkt # 7, at 7]

5 When the Federal Rules were amended, the drafters were well aware that the scope of electronic
6 discovery could be both broad and burdensome. GAP Report to the 2006 Amendment to Fed. R. Civ. P.
7 26(b)(2). “Information systems are designed to provide ready access to information used in regular and
8 ongoing activities,” however, and this makes large scale production of documents stored in this way much
9 less burdensome than it otherwise would be. *Id.* The very nature of electronically stored information makes
10 it easier to search, and “[i]n many circumstances the requesting party should obtain and evaluate the
11 information from such sources before insisting that the responding party search and produce information
12 contained on sources that are not reasonably accessible.” *Id.*

13 The Court is aware that the parties have conferred to some extent to discuss this request and that
14 Cascadia has voluntarily complied with the subpoena to some extent. That being said, neither party has
15 briefed with the specificity required how burdensome further production might be or what likelihood there
16 is that the resulting documents might be relevant.

17 The requesting party, Daimler, has the burden of showing a need for further discovery outweighs
18 the burden placed on Cascadia in producing it, and not all of Daimler’s requested documents meet that
19 burden. *See* GAP Report to the 2006 Amendment to Fed. R. Civ. P. 26(b)(2) (“The requesting party has
20 the burden of showing that its need for the discovery outweighs the burdens and costs of locating,
21 retrieving, and producing the information.”). Under the showing Daimler has made thus far, it would
22 unduly burden Cascadia to produce information regarding contacts between Hebe and Daimler employees
23 when no effective way has been presented to distinguish such contacts from the wide range of contacts any
24 businessman undertakes. There is no evidence before this Court that Daimler has performed a search of its
25 own records and documents for such contacts. If it has not, it would be unduly burdensome and potentially
26 cumulative to require Cascadia to perform such a search in its records when Daimler, by failure to do such
27 a search on its own, has implied that the costs of such a search outweigh the potential benefits. If Daimler
28 has performed such a search and revealed no evidence to support the need for such a broad ranging search

1 then the likelihood of Cascadia's similar search being sufficiently beneficial to outweigh the costs is low.
2 Without such a showing, Daimler has not met its burden of showing "good cause."

3 Pursuant to the Rules and the progress of discovery on this subpoena thus far, the Court ORDERS
4 the parties to follow this procedure:

5 1. The subpoena, insofar as it requires Cascadia to produce its computers for copying, is hereby
6 QUASHED.

7 2. Pursuant to Cascadia's trade secret and privilege concerns, Cascadia is directed to perform the
8 search itself to determine what documents can be produced without violating those concerns. Cascadia
9 should identify all potentially responsive sources that it has not searched and all potentially responsive
10 documents that it has not produced, proving "enough detail to enable the requesting party to evaluate the
11 burdens and costs of providing the discovery and the likelihood of finding responsive information on the
12 identified sources." *See* GAP Report to the 2006 Amendment to Fed. R. Civ. P. 26(b)(2). The party
13 responding to discovery, Cascadia, has the burden of showing why the items identified are not produced.
14 These disclosures, if any, should accompany any documents turned over to Daimler.

15 3. Production shall be limited to documents regarding communications on "hard drives,
16 [B]lackberries, lap tops and calendars" [Dkt # 7] used by Jim Hebe between Hebe and Younessi or
17 between Hebe and International regarding Younessi during the fourteen months laid out in the subpoena.
18 These limitations are consistent with the documents the Oregon district court ordered Hebe to provide.¹

19
20
21
22
23
24
25 ¹ The entire text of that Order is as follows:

26 ORDERED by Judge Ancer L. Haggerty. The Motion to Compel [80] filed by Daimler Trucks North America
27 LLC seeking to compel Jim Hebe to produce documents and electronic records is DENIED. The court accepts
28 as reasonable the offer by counsel for Hebe to produce redacted records reflecting calls or appointments or
communications between Hebe and defendant, and between Hebe and other employees about defendant. He also
agrees to produce documents relating to the discrimination counterclaim.

[Dkt # 10, exhibit D]

